



PANHANDLE

BENEWAH, BONNER, BOUNDARY, KOOTENAI, & SHOSHONE COUNTIES

EMPLOYMENT TRENDS

A strengthening economy caused the Panhandle's seasonally adjusted unemployment rate to fall from 7.5 percent in October to 7.2 percent in November. The unemployment rate a year before, in November 2002, was considerably higher at 8.5 percent. Panhandle Table 1 shows the Panhandle added about 830 *Nonfarm Payroll Jobs* between November 2002 and November 2003. *Construction, Leisure & Hospitality, and Educational & Health Services* were among the sectors with the largest job gains. In recent months, *Manufacturing* employment has shown significant job growth. From late 2000 until the summer of 2003, *Manufacturing* was losing jobs. Almost every sector showed job growth in the last 12 months, or is posed for job growth during the next 12 months. The only sector with large job losses between November 2002 and November 2003 was *Professional & Business Services* because of the downsizing of call centers and professional employer organizations (PEOs).

2003: YEAR IN REVIEW

The remainder of this newsletter article describes major economic developments in each of the Panhandle counties in 2003 and prospects for 2004. The 2003 *Nonfarm Payroll Jobs* statistics shown in this section are forecasts based on actual data for the first two quarters of the year, a sample of some employers for the last five months of the year, and known layoffs and job openings.

Benewah County

In late 2003, Benewah County, home to nearly 9,000 people, appeared to brush off the stagnation that has plagued it in recent years.

- The Panhandle's most timber-dependent county is benefiting from increases in lumber and plywood prices. In early 2003, lumber prices were near a 10-year low. The Random Lengths organization reported in their newsletter that the composite price of lumber rose from \$274 (per thousand feet) in the last week of 2002 to \$321 in the last week of 2003,

Panhandle Table 1: Labor Force & Employment

	Nov 2003*	Oct 2003	Nov 2002	% Change From	
				Last Month	Last Year
INDIVIDUALS BY PLACE OF RESIDENCE					
Seasonally Adjusted					
Civilian Labor Force	91,830	91,970	91,290	-0.2	0.6
Unemployed	6,590	6,860	7,720	-3.9	-14.6
% of Labor Force Unemployed	7.2	7.5	8.5		
Total Employment	85,240	85,110	83,570	0.2	2.0
Unadjusted					
Civilian Labor Force	91,790	90,690	91,460	1.2	0.4
Unemployed	6,150	5,440	7,240	13.1	-15.1
% of Labor Force Unemployed	6.7	6.0	7.9		
Total Employment	85,640	85,250	84,220	0.5	1.7
JOBS BY PLACE OF WORK					
Nonfarm Payroll Jobs** - NAICS	70,310	71,210	69,480	-1.3	1.2
Goods-Producing Industries	14,170	14,330	13,440	-1.1	5.4
Natural Resources & Mining	1,600	1,640	1,650	-2.4	-3.0
Construction	5,420	5,590	4,930	-3.0	9.9
Manufacturing	7,150	7,100	6,860	0.7	4.2
Wood Product Manufacturing	2,740	2,740	2,820	0.0	-2.8
Other Manufacturing	4,410	4,360	4,040	1.1	9.2
Service-Providing Industries	56,140	56,880	56,040	-1.3	0.2
Trade, Transportation, & Utilities	13,820	13,800	13,550	0.1	2.0
Wholesale Trade	1,480	1,470	1,380	0.7	7.2
Retail Trade	10,590	10,550	10,510	0.4	0.8
Utilities	380	390	380	-2.6	0.0
Transportation & Warehousing	1,370	1,390	1,280	-1.4	7.0
Information	1,120	1,120	1,230	0.0	-8.9
Financial Activities	2,890	2,910	2,930	-0.7	-1.4
Professional & Business Services	6,150	6,210	7,020	-1.0	-12.4
Educational & Health Services	7,080	6,980	6,790	1.4	4.3
Leisure & Hospitality	7,810	8,500	7,350	-8.1	6.3
Other Services	2,090	2,110	2,190	-0.9	-4.6
Government Education	5,390	5,310	5,370	1.5	0.4
Government Administration	8,500	8,650	8,500	-1.7	0.0
Government Tribes	1,290	1,290	1,110	0.0	16.2

* Preliminary estimate

**Full- or part-time jobs of people who worked for or received wages in the pay period including the 12th of the month

while the price of plywood rose from \$415 to \$610. By the last half of 2003, stronger lumber and plywood prices were bolstering mill and logging employment. In addition, Potlatch Corp. made a \$2.7 million upgrade last summer at its St. Maries complex, where it employs 330 people. The upgrade improved the efficiency of both the sawmill and the plywood plant as well as demonstrating Potlatch's lasting commitment to St. Maries.

- The Coeur d'Alene Tribe continued to add jobs in the Plummer area as well as expanded its casino just over the county line in Worley. This summer, the tribe broke ground for a \$2.2 million Early Learning Center near its Benewah Medical & Wellness Center in Plummer. The tribe also received a \$2.8 million federal grant to build a community technology center near its headquarters in Plummer that will allow it to offer broadband services to reservation residents.

- Benewah County's tourism industry remains small. In the first 11 months of 2003, hotel-motel receipts totaled \$293,000—less than 1.0 percent of the Panhandle's total hotel-motel receipts. The tribal casino is located in Kootenai County, but its revenues and employment opportunities flow to western Benewah County also. Last summer the tribe opened its golf course, and it should complete an expansion of the casino and its hotel this year. Benewah County also is gaining visitors from the recently completed Trail of the Coeur d'Alenes that runs from Mullan to Plummer along a former Union-Pacific railroad track. This fall, the tribe started construction on a parking lot and visitor center for the western end of the trail.
- In 2003, after four years of stagnation, Benewah County's nonfarm payroll employment appears to have increased by 70 jobs from its 2002 base of 3,408. For the first time since 1989, Benewah County's average unemployment rate for a year fell below 10 percent. In 2002, the unemployment rate was 11.6 percent; in 2003, it fell to 9.8 percent.
- Several 2003 construction projects laid the foundation for further economic growth. St. Maries completed a \$2.2 million downtown revitalization project including repaved streets and new sidewalks, streetlights, murals, and signs. Other major construction projects begun in 2003 included a \$1.9 million water treatment plant for St. Maries, a \$1.2 million reconstruction of the St. Maries floodwall, a \$1.2 million improvement of the St. Maries Airport, a \$750,000 addition to Benewah Community Hospital, and a \$500,000 upgrade of Plummer's sewage system.

Bonner County

- In 2003 Bonner County, home to 38,700 people, continued to expand its economic base, especially in *Manufacturing*, and laid the foundation for future tourism growth. Bonner County's *Nonfarm Payroll Jobs* rose 3.1 percent, from 12,517 jobs in 2002 to an estimated 12,900 jobs in 2003. The unemployment rate eased down from 8.8 percent in 2002 to 7.5 percent in 2003.
- While U.S. *Manufacturing* employment fell 14.8 percent between 2000 and 2003, Bonner County's *Manufacturing* employment grew 36.9 percent, from 1,388 to 1,900 jobs. Despite low lumber prices at the beginning of 2003, the county's wood product manufacturers managed to keep their employment stable around 860 jobs. With higher lumber prices entering 2004, there is potential for job growth at mills. Other manufacturing firms added more than 120 jobs between 2002 and 2003. Leading the manufacturing growth were these Sandpoint firms: Litehouse, salad dressings; Unicep Packaging, one-dose applicators for medicine, cosmetics, and other products; Packer Aircraft, aircraft; Die-drich Manufacturing, coffee roasting equipment; and

Smart Plugs, replacements for traditional spark plugs that are more reliable and efficient. Also swelling the manufacturing ranks were some small businesses recruited by the Bonner County Economic Development Corporation, including Mac's Custom Tie-Downs that opened in Sagle, and Freeze Manufacturing that opened a furniture plant in Priest River.

- *Tourism* was a mixed bag in 2003, because of the poor snow conditions in early 2003. Bonner County's hotel-motel receipts in the first 11 months of 2003 totaled \$11.0 million, marginally higher than \$10.9 million in the same months the year before. So far, 2004 looks great for tourism. Excellent snow conditions and continued improvements at Schweitzer Mountain Resort may make this the best winter season ever.
- Downtown Sandpoint is adding to its manifold charms with a \$1 million improvement project that includes new sidewalks, curbs, and lights, and the development of a town square. Sandpoint's quaint downtown, incredible scenery, reputation as a haven for artists, annual music festival, recreational opportunities, and lifestyle are the reasons why *Sunset* magazine recently named Sandpoint "the no. 1 small town to live in."
- Despite an overall strong economy, Bonner County's retail sector remained stagnant most of the year. The 13-year-old K-Mart in Ponderay closed in March, putting 70 people out of work. Taxable sales in Bonner County totaled \$71.1 million in the third quarter of 2003, down 3.6 percent from \$73.7 million in the same quarter the year before. As Bonner County's economy continues to generate jobs and attract even more tourists, retail sales are likely to pick up during 2004.

Boundary County

- The 10,000 residents of Boundary County endured the loss of a large, long-term employer in 2003. The Louisiana-Pacific (L-P) mill in Bonners Ferry closed its doors in 2003 putting 140 people out of work. That mill and the L-P mill in Moyie Springs were the two largest manufacturing operations in Boundary County. Riley Creek Lumber purchased the Moyie Springs mill in the fall.
- It will take some time to know how the community will withstand the shock of the mill closure. Fortunately, most of the county's other large employers are likely to stay stable or grow this year. Lumber prices have improved, which will help the remaining mills. Among the county's other largest employers are CEDU Service's schools and programs for youth including Rocky Mountain Academy; Anheuser-Busch's Elk Mountain hops farms; the Kootenai Tribe; the U.S. Forest Service; and the U.S. government's border patrol, customs, and immigration staff.

- Income losses arising from the mill closure and other problems in the forest products industry explain why taxable sales fell 1.2 percent from \$12.8 million in the third quarter of 2002 to \$12.7 million in the third quarter of 2003.
- Boundary County's flagship tourist enterprise, the Kootenai River Inn & Casino, plans to upgrade 47 hotel rooms by March before construction will begin on an underpass for pedestrians connecting the inn with downtown Bonners Ferry. Owned by the Kootenai Tribe and managed by Hagadone Hospitality, the 65-room inn includes an indoor-outdoor pool complex, three casinos, and a restaurant. It employs about 160 people. Hotel-motel receipts in Boundary County totaled \$2.3 million in the first 11 months of 2003, close to the record highs of the year before. In 2003, tourists visiting Idaho named Bonners Ferry "Idaho's Friendliest Town." During the next year, an International Gateway Visitors Center will open to greet tourists. Another factor likely to bring more visitors is the change in the value of the Canadian dollar. By December 2003, the Canadian dollar was worth 76 cents, up from its low point of 63 cents in September 2002. With their dollar purchasing more in the United States, more Canadians will come to North Idaho to play and shop.
- Boundary County Economic Development Corporation, the Kootenai Tribe, and the City of Bonners Ferry are working on several projects to foster economic development. Among their successes in 2003 was the establishment of Idaho's first Foreign Trade Zone at Eastport, which offers faster customs inspections and reduced or waived duties, tariffs, and quota limits. The zone may attract businesses to the county.
- Boundary County's unemployment rate changed marginally from 8.6 percent in 2002 to 8.5 percent in 2003. *Nonfarm Payroll Jobs* grew marginally from 3,188 in 2002 to 3,200 in 2003, but that's mostly because the 2003 annual average reflects only three months of the L-P mill closure.

Kootenai County

- In 2003, Kootenai County, home to 116,000 people, experienced considerable job dislocations including the loss of 900 jobs at the Center Partners call centers, the closure of the 30-employee Phillips Plastic plant, continued downsizing at some manufacturing operations, and a layoff of 67 employees from Stimson Lumber. Despite those dislocations, job gains exceeded job losses. The county's *Nonfarm Payroll Jobs* increased an estimated 1.8 percent, from 45,268 in 2002 to approximately 46,100 in 2003, and the county's unemployment rate fell from 8.2 percent in 2002 to 7.1 percent in 2003.
- *Construction* and related industries were the largest source of new jobs. In 2003, residential construction

continued to surge as it had in 2002, while commercial construction picked up.

- *Tourism* also added many new jobs, following the summer openings of Silverwood's 12-acre Boulder Beach water park and the Coeur d'Alene Tribal casino's golf course near Worley. In addition, Coeur d'Alene hosted the Ironman Triathlon, attracting thousands of visitors in June, which usually is a relatively slow month. The net result was that hotel-motel receipts rose 5.4 percent from \$33.81 million in the first eleven months of 2002 to \$35.6 million in the first eleven months of 2003. *Tourism's* growth spurt should continue in 2004, with Coeur d'Alene also hosting the 2004 triathlon, the Coeur d'Alene Tribe expanding the casino and its entertainment venues, the Coeur d'Alene Resort planning some expansion, and Silverwood preparing to introduce three water slides with a 62-foot high tower.
- In July 2003, *Manufacturing* quit losing jobs after 32 months of job losses. By the end of the year, higher lumber prices had stabilized the wood product industry and other manufacturers were emerging from the shadows of recent years. The net result was the addition of 50 manufacturing jobs between 2002 and 2003. In 2004, the *Manufacturing* sector may regain more of the 350 jobs it lost between 2000 and 2002. The *Manufacturing* sector will most likely entirely recover when Buck Knives opens its 250-employee manufacturing plant in Post Falls in early 2005.
- Health care continued to be one of the fastest growing sectors. This fall, Kootenai Medical Center (KMC) opened the first phase of its new heart care facility. KMC is the Panhandle's largest employer at a single site, employing 1,550 people. With further expansion in 2004, its employment could rise above 1,600. This fall, Northwest Specialty Hospital, a 47,000-square-foot facility conducting non-emergency surgeries, opened in Post Falls where it employs 70 people.
- One indication of a strengthening economy was the 11.5 percent increase in taxable sales from \$240.2 million in the third quarter of 2002 to \$267.9 million in the third quarter of 2003. More tourists, rising incomes, and this summer's opening of a Costco store in Coeur d'Alene should further boost retail sales in 2004. Improved retail activity should bolster the county's small *Wholesale Trade* sector, which will add about 220 jobs when Sysco opens a distribution center in Post Falls in the spring of 2005.

Shoshone County

- In 2003, the economy picked up slightly for Shoshone County, home to 13,000 people. By the end of 2003, it appeared possible that 2004 may revitalize the county's sagging *Mining* sector and begin a second spurt of growth for its *Tourism* sector.

- In the last half of 2003, silver prices began rising. By December 2003, silver prices averaged \$5.62 an ounce—99 cents more than in December 2002. By January 9, silver prices had risen above \$6.25 an ounce. Higher silver prices and promising developments at mining operations could bring more mining jobs in 2004.
- Coeur d'Alene Mines plans to increase production at the Galena mine near Silverton over the next few years. Three years from now, it expects to be producing seven million ounces of silver a year. In 2002, the mine produced 5.3 million ounces. The Galena laid off 26 miners last summer. By 2006, the Galena workforce could increase from the current 167 workers to 250.
- Hecla Mining expects to hire 45 people at the Lucky Friday mine near Mullan by 2005. Currently, 94 people work at the Lucky Friday. Hecla Mining plans to drive a 5,500-foot drift on the 5900 level (more than a mile below the earth's surface). The development drift is expected to allow the mine to double production to 4 million ounces of silver per year. Production from the new level is expected to begin in late 2005 with anticipated cash costs of production of less than \$4.50 per ounce of silver.
- The Sunshine mine's hoist is running again, generating some hope that the legendary mine near Kellogg may reopen. The mine that produced more silver than the entire Comstock Lode closed in February 2001. In June 2003, Sterling Mine lease-optioned the mine, and began assessing the feasibility of reopening the mine. Teams currently are reviewing the mine's infrastructure. They soon will begin exploring the mine starting with its 10-square-mile surface and eventually going 6,000 feet down into its very depths. When it closed, the Sunshine Mine employed more than 260 people.
- Tele-Services Innovations (TSI) closed its Smelterville call center at the end of July, putting about 80 people out of work. The Smelterville call center opened in 2001. Fortunately, the building didn't remain empty for long. A subsidiary of the Northpoint Financial Group (NFG), a California-based provider of financial and insurance services, is leasing the former TSI facility. According to Vince Rinaldi of the Silver Valley Economic Development Corporation, "One of the biggest draws was the profitability of the prior employees that worked at TSI. Hats off to the valley work force, because they were a real draw." NFG initially will hire about 25 workers for its Smelterville operation in the next couple of months.
- The long-term prospects for Shoshone County's *Tourism* industry look good. Poor weather conditions during the 2002-2003 ski season decreased hotel-motel receipts 5.4 percent from \$2.4 million in the first 11 months of 2002 to \$2.2 million in the first 11 months of

2003. Great snow conditions have made this ski season a success, and future prospects for winter tourism shine brightly. Lookout Pass Ski Area along Interstate 90 near the Idaho-Montana border added five new ski runs and a double chairlift this season. The additions are part of a \$4 million plan to upgrade the ski area over five years. Lookout plans to build a 4,000-square-foot addition on its lodge this year. Over the next four years it will add more ski runs and chairlifts. In 2003, Silver Mountain Resort renovated the gondola, added four new ski runs, created a terrain park, and opened a discovery center at the gondola's base. *Ski* magazine proclaimed it one of the "three best mountains you've never skied" in its January issue. Next spring, construction will begin on the Morning Star condominiums, and additional expansion is planned at the base of the gondola. Over time, Eagle Crest plans to develop a golf course, add 800 acres of ski terrain, and create a retail village. Two major biking and walking trails, which are relatively new and have received glowing reviews, also are bringing more tourists to the county.

- A sign that the economy is improving was the decrease of Shoshone County's unemployment rate from 11.4 percent in 2002 to 11.0 percent in 2003. *Non-farm Payroll Jobs* grew an estimated 2.1 percent, from 4,115 in 2002 to about 4,200 in 2003. *Construction, Financial Activities, and Health Services* were the main sources of new jobs.
- The surging economy in late 2003 also is reflected in the 11.3 percent increase in taxable sales from \$24.7 million in the third quarter of 2002 to \$27.4 million in the third quarter of 2003. The county's *Service-Providing Industries*, led by its retail and health care sectors, promise to add more jobs in 2004. This fall, Shoshone Medical Center began construction of an \$18 million 25-bed hospital to replace its current building, and American West Bank celebrated the grand opening of its Wallace branch on November 20. Dave Smith Motors, the auto dealer that is the county's largest employer, continued to be a source of strength in 2003.

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